

Message Text

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SUBJECT: FOREIGN INVESTMENT STUDY ACT OF 1974 - BELGIUM

REF: (A) STATE 107242 (B) BRUSSELS 6344 (8/21/74); (C) BRUSSELS
A-74 (3/30/74) (D) BRUSSELS 3499 (6/25/73) (E) BRUSSELS 2475
(5/7/73) (F) BRUSSELS 2795 (5/18/73)

1. THE FOLLOWING PARAGRAPHS ARE KEYED TO THE QUESTIONS POSED
IN PARAGRAPH 4 OF REF A:

A. GENERAL POLICY -- WITH THE WORLD'S HIGHEST PER CAPITA
LEVEL OF FOREIGN TRADE, BELGIUM HAS ADOPTED A VERY LIBERAL
ATTITUDE TOWARD FOREIGN INVESTMENT. THE BELGIANS BELIEVE THEY MUST
DO THIS IN ORDER TO DEFEND THEIR COMPETITIVE POSITION
IN EXTERNAL MARKET AGAINST COMPETITION FROM THEIR BIGGER
INDUSTRIALIZED NEIGHBORS. BELGIUM ALSO SEEKS NEW TECHNOLOGY
AND CAPITAL FROM FOREIGN SOURCES AS A MEANS OF STIMULATING
THE CREATION OF NEW INDUSTRIES IN BELGIUM AND AS MEANS OF
KEEPING ESTABLISHED INDUSTRIES KEENLY COMPETITIVE.
IN ADDITION, ATTRACTING INVESTMENTS FROM FOREIGN SOURCES
TO DEPRESSED REGIONS HAS BECOME AN IMPORTANT WEAPON OF BELGIAN
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SOCIAL POLICY IN THE FIFTH AGAINST LOCAL POCKETS

OF UNEMPLOYMENT.

B. MAJOR PROVISIONS OF LAWS, ETC. -- THE KEY LAW COVERING FOREIGN INVESTORS IN BELGIUM IS THE LAW OF DEC. 30, 1970. IT OFFERS INTEREST SUBSIDIES, CAPITAL GRANTS AND SPECIAL TAX ADVANTAGES TO BOTH DOMESTIC AND FOREIGN INVESTORS. IN ADDITION, THERE ARE FORMAL AND INFORMAL TAX BENEFITS AVAILABLE TO FOREIGN INVESTORS WHICH ARE NOT AVAILABLE TO BELGIANS. COPIES OF DETAILED MATERIAL DESCRIBING THE PROVISIONS OF THE LAW OF DECEMBER 30, 1972 WILL BE FORWARDED TO EUR/WE.

C. SCREENING, ETC. -- ANY FOREIGN INVESTOR MAY SET UP BUSINESS IN BELGIUM WITHOUT SPECIAL AUTHORIZATION AND HE HAS THE FULL RIGHTS AND OBLIGATIONS OF A BELGIAN BUSINESS. CAPITAL MAY BE BROUGHT IN WITHOUT RESTRICTION OR REGISTRATION AND PROFITS MAY BE REPATRIATED WITHOUT LIMIT. AS A PRACTICAL MATTER, FOREIGN INVESTORS FIND IT WORTH THE EFFORT INFORMALLY TO REGISTER AT AN EARLY STAGE WITH THE FOREIGN INVESTMENT SERVICE OF THE BELGIAN MINISTRY OF ECONOMIC AFFAIRS. SUCH INFORMAL REGISTRATION FACILITATES OBTAINING THE TAX ADVANTAGES, RESIDENCE PERMITS, ETC. REQUIRED AND/OR AVAILABLE TO FOREIGNERS. THIS REGISTRATION, HOWEVER, IS NOT REQUIRED AND MANY SMALLER INVESTORS DO NOT BOTHER.

D. NO DISTINCTION IS MADE IN BELGIUM BETWEEN FOREIGNERS INVESTING IN A NEW ENTERPRISE AND THE TAKEOVER OF AN EXISTING DOMESTIC-OWNED COMPANY BY A FOREIGN ENTITY.

E. THIS EMBASSY KNOWS OF NO INSTANCE OF A FOREIGN INVESTOR IN BELGIUM BEING REFUSED THE RIGHT TO SET UP BUSINESS.

F. BELGIUM OFFERS SPECIAL INCENTIVES TO INVESTORS IN CERTAIN DEPRESSED REGIONS OF THE COUNTRY AND HAS HAD CONSIDERABLE SUCCESS IN ATTRACTING FOREIGNERS WITH THESE INCENTIVES. FOR EXAMPLE, THE NUMBER OF AMERICAN-OWNED MANUFACTURING ENTERPRISES IN BELGIUM IS NOW ABOUT 500. THERE ARE 13 AMERICAN BANKS OPERATING IN BELGIUM AND AMERICAN INSURANCE COMPANIES AND STOCKBROKERS OPERATE HERE AT BOTH THE RETAIL AND WHOLESALE LEVEL. SOME AMERICAN LAWYERS HAVE A PROBLEM OBTAINING PERMITS WITH THE SCOPE THEY DESIRE, BUT, IN FACT, UNCLASSIFIED

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THEY PRACTICE SUCCESSFULLY.

G. FOREIGN-OWNED COMPANIES RECEIVE EQUAL TREATMENT WITH DOMESTIC ENTERPRISES IN BELGIUM.

H. FOREIGN INVESTORS MUST SUBMIT THE SAME EXTENSIVE STATISTICAL AND OTHER DATA ON THEIR OPERATIONS TO THE BELGIAN GOVERNMENT AS DO DOMESTIC ENTERPRISES. THERE ARE NO SPECIAL

REPORTING OBLIGATIONS FOR FOREIGNERS.

THE BELGIAN GOVERNMENT HAS A POLICY OF HOLDING STATISTICS CONCERNING INDIVIDUAL COMPANIES HIGHLY CONFIDENTIAL BUT IT PUBLISHES GENERAL STATISTICS FREELY.

I. ALTHOUGH THERE HAVE NOT YET BEEN MAJOR OPEC COUNTRY INVESTMENTS IN BELGIUM, THE PREVIOUS GOVERNMENT ACTIVELY SOUGHT A MAJOR IRANIAN INVESTMENT AND THE GOVERNMENT HAS INFORMED US THAT INVESTMENTS BY OTHER OPEC COUNTRIES WOULD BE WELCOME IN ALL BELGIAN INDUSTRIES EXCEPT, PERHAPS, ARMAMENTS. A BELGIAN TRADE MISSION HEADED BY THE HEIR-APPARENT VISITED KUWAIT LAST YEAR SEEKING BOTH SALES OPPORTUNITIES AND INVESTORS.

J. NO BELGIAN GOVERNMENT CHANGES IN ITS FOREIGN DIRECT INVESTMENT POLICY TOWARD OPEC OR OTHER COUNTRIES IS BEING CONTEMPLATED.

2. AS NOTED IN PARAGRAPH B ABOVE, WE ARE SENDING MATERIAL TO EUR/WE IN ENGLISH GIVING DETAILS ON BELGIUM'S INDUCEMENTS TO FOREIGN INVESTORS. SUPPLEMENTAL INFORMATION AND/OR ADDITIONAL COPIES OF THAT MATERIAL MAY BE OBTAINED BY THE DEPARTMENT FROM THE INDUSTRIAL DEVELOPMENT OFFICER AT THE BELGIAN CONSULATE GENERAL IN NEW YORK.
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